



Bulletin

2005-04B

PROPERTY TAX BILLS

TO: Assessors, Collectors, Treasurers, Mayors, Selectmen, City/Town Managers and Finance Directors

FROM: Gerard D. Perry, Deputy Commissioner
Division of Local Services

DATE: February 2005

SUBJECT: New Semi-annual Preliminary Billing System Option; Displaying of Due Dates and Overdue Taxes on Tax Bills, Motor Vehicle Registration Compliance Notice

We have just issued our annual Informational Guideline Releases (IGRs) regarding FY06 property tax bills. This *Bulletin* explains 2004 legislation that affects local tax bills and addresses continuing questions about the displaying of due dates on them.

New Annual Preliminary Billing System for Semi-annual Communities

This year's annual tax bill guidelines include an IGR for the new annual preliminary tax billing option enacted as part of the 2003 Municipal Relief Act for communities that wish to retain a semi-annual payment schedule. Technical corrections were made in the FY05 state budget to those provisions that now make this option available to communities beginning in FY06. G.L. Ch. 59 §57C, as amended by Ch. 46 §§53-54 of the Acts of 2003; Ch 149 §§108-112 of the Acts of 2005. Property Tax Bureau IGR 05-203, *Fiscal Year 2006 Tax Bills Semi-annual Payment System Annual Preliminary Bills* (February 2005).

This new billing option is similar to a quarterly tax payment system, but with two rather than four installment payments. Preliminary tax bills are issued by July 1 each year without the prior approval of the Department of Revenue. The bills are due October 1. If mailed after August 1, they are due November 1, or 30 days after mailing, if later. Actual tax bills would then be issued after the tax rate is set in the fall. The due date for the actual bills would depend on whether they are mailed by December 31. If so, they are due April 1. If mailed after December 31, they are due May 1, or 30 days after mailing, if later.

Communities interested in adopting this new payment system should be aware of the following:

1. **Adoption and Revocation** – To adopt this system, the community must accept G.L. Ch. 59 §57C and specify that the acceptance is for the purpose of adopting or establishing a semi-annual preliminary tax payment system. Acceptance and adoption requires a majority vote of town meeting, town council or city council.

It is essential that the type of payment system be specified since the statute now allows communities to adopt an annual preliminary billing system with payments due on a semi-annual or quarterly basis. Previously, acceptance of the statute changed a community's payment schedule to a quarterly system.

Once voted, the community must wait at least three years before it can revoke its acceptance and change its payment system.

2. **Interest Accrual** – Interest on overdue installments accrues from the installment due date.
3. **Abatement Application Due Date** – Abatement applications are due the same date the first actual tax installment for the year is due. G.L. Ch. 59 §59. Therefore, adoption of this system will make abatement applications due April 1, if actual tax bills are mailed by December 31. If the bills are mailed after December 31, they will be due May 1, or 30 days after mailing, if later.

To assist communities in evaluating this option, we have included a chart that compares the key features of this and the other property tax payment options currently available to communities. More detailed information about each option is found in the applicable tax bill guideline referenced in the chart.

Overdue Taxes and Charges

The 2003 Municipal Relief Act also included a requirement that real and personal property tax bills notify taxpayers of the amount of any municipal tax or charge not included in those bills that was more than 90 days overdue. G.L. Ch. 59 §§57 and 57C, as amended by Ch. 46 §§52 and 54 of the Acts of 2003. Last year, this requirement was modified. St. 2004, c. 149 §107 and c. 362 §26. The notice must now only appear on real estate bills and include a general statement that a delinquency exists. The overdue amounts no longer must be stated. The annual tax bill guidelines issued for FY06 reflect this change and include minimum standards for this general notice. Collectors may provide more detailed information along the lines of the previous requirement if they wish.

Motor Vehicle Registration Compliance Notice

As you know, FY05 real estate tax bills had to include a notice regarding the obligation of Massachusetts residents to register their vehicles in Massachusetts. See Bulletin 2004-14B, *Fiscal Year 2005 Property Tax Bills* (August). This requirement was part of the Department of Revenue's line item appropriation in the FY05 state budget and therefore, it applied for FY05 only. St. 2004, c. 149 line item 1201-0130. The guidelines for FY06 tax bills do not include this requirement because we do not know whether it will apply again at this time. We will advise you as soon as possible if a similar requirement for FY06 bills is included in the Department's FY06 line item, or enacted separately.

Abatement Application and Payment Due Dates

We continue to receive questions about displaying due dates on bills, particularly where the dates fall on non-business days.

As you know, the **front** of preliminary and actual tax bills must display the amount and due date of installment payments under the particular type of billing system used by the community. The **actual** dates the installment payments are due must be shown, as determined by the date the collector actually completes the mailing of the bills. **If a due date falls on the weekend or a holiday, it is automatically extended by law to the next business day and the extended date must be printed instead.** See G.L. Ch. 4 §9, which applies to dates for statutory actions or payments falling on Sunday or a legal holiday, and G.L. Ch. 41 §110A, which applies the same rule to actions or payments due on a Saturday in communities where public offices are permitted by city council or town meeting vote to remain closed on that date.

In addition, the **front** of your **actual tax bills** must state the last date abatement applications can be filed with the assessors for the fiscal year. G.L. Ch. 60 §3A. This has been a requirement since FY98, but it has come to our attention that some communities are still not including this statement on the front of their bills. Abatement applications are due the same date that the **first actual** installment payment for the year is due. G.L. Ch. 59 §59. Therefore, the date printed must also **match** the due date printed on the front of the bill for the first actual installment payment.

The standard taxpayer billing and appeal rights information that typically appears on the reverse side of the bill should continue to be printed with the statutory due dates. This text is prescribed in our guidelines and is intended to be uniform statewide.

Any questions you have on tax billing should be directed to the Property Tax Bureau legal staff at 617-626-2400.

PROPERTY TAX PAYMENT SYSTEMS

	SEMI-ANNUAL			QUARTERLY
	REGULAR	OPTIONAL PRELIMINARY	ANNUAL PRELIMINARY	
Governing statute	G.L. c. 59 §57	G.L. c. 59 §23D	G.L. c. 59 §57C	G.L. c. 59 §57C
FY06 IGR & Bill forms	05-201 (FY06) Models 1(S)-6(S)	05-202 (FY06) Models 1(S/P)-6(S/P)	05-203 (FY06) Models 1(S/AP)-6(S/AP)	05-204 (FY06) Models 1(Q)-7(Q)
Implementation requirements	None	Assessors vote by 8/15 to issue preliminary bills for year DOR authorization and approval of pro forma tax rate recapitulation	Local legislative body votes to accept statute <u>and</u> establish semi-annual tax payment system Cannot revoke acceptance and change payment schedule for 3 years	Local legislative body votes to accept statute <u>and</u> establish quarterly-annual tax payment system Cannot revoke acceptance and change payment schedule for 3 years
PRELIMINARY TAX BILLS				
Issuance		Issued only in years assessors vote	Issued annually	Issued annually
Amount		Not more than 50% of prior year's tax, with exceptions	Not more than 50% of prior year's tax, with exceptions	Not more than 50% of prior year's tax, with exceptions
Mailing date		10/1	7/1	7/1
Installment due date(s)		Single installment 11/1, or 30 days after bills mailed, if later	Single installment <u>Bills Mailed by 8/1</u> <ul style="list-style-type: none">10/1 <u>Bills Mailed after 8/1</u> <ul style="list-style-type: none">11/1, or 30 days after bills mailed, if later	<u>Bills Mailed by 8/1 (Two equal installments)</u> <ul style="list-style-type: none">8/1, or 30 days after bills mailed, if later (1st Quarter)11/1 (2nd Quarter) <u>Bills Mailed after 8/1 (Single installment)</u> <ul style="list-style-type: none">11/1, or 30 days after bills mailed, if later
Omitted due date		Single installment 11/1, or 30 days after omitted bill mailed, if later	Single installment <u>Omitted Bills Mailed by 8/1</u> <ul style="list-style-type: none">10/1 <u>Omitted Bills Mailed after 8/1</u> <ul style="list-style-type: none">11/1, or 30 days after bills mailed, if later	<u>Omitted Bill Mailed by 8/1 (Two equal installments)</u> <ul style="list-style-type: none">8/1, or 30 days after bills mailed, if later (1st Quarter)11/1 (2nd Quarter) <u>Omitted Bill Mailed after 8/1 (Single installment)</u> <ul style="list-style-type: none">11/1, or 30 days after bills mailed, if later
Additional bill		None	None	3 rd Quarter equal to 1 st Quarter due 2/1, or 30 days after bills mailed, if later DOR authorization and approval of pro forma tax rate recapitulation
Interest accrual date(s)		10/1, or date bill mailed, if later	Installment due date	Installment due date

PROPERTY TAX PAYMENT SYSTEMS

	SEMI-ANNUAL			QUARTERLY
	REGULAR	OPTIONAL PRELIMINARY	ANNUAL PRELIMINARY	
ACTUAL TAX BILLS				
Mailing date	10/1	4/1	12/31	12/31
Installment due date(s)	<u>Bills Mailed by 4/1 (Two installments)</u> <ul style="list-style-type: none">11/1, or 30 days after bills mailed, if later (1st installment equal to ½ tax, <u>and</u> all betterments, special assessments, and charges added to tax)5/1 (2nd installment equal to balance) <u>Bills Mailed after 4/1 (Single Installment)</u> <ul style="list-style-type: none">5/1, or 30 days after bills mailed, if later	Single installment 5/1, or 30 days after bills mailed, if later	Single installment <u>Bills Mailed by 12/31</u> <ul style="list-style-type: none">4/1 <u>Bills Mailed after 12/31</u> <ul style="list-style-type: none">5/1, or 30 days after bills mailed, if later	<u>Bills Mailed by 12/31 (Two equal installments)</u> <ul style="list-style-type: none">2/1 (3rd Quarter)5/1 (4th Quarter) <u>Bills Mailed after 12/31 (Single installment)</u> <ul style="list-style-type: none">5/1, or 30 days after bills mailed, if later
Omitted & revised due date(s)	<u>Omitted/revised Bill Mailed by 4/1 (Two installments)</u> <ul style="list-style-type: none">11/1, or 30 days after bill mailed, if later (1st installment equal to ½ tax, <u>and</u> all betterments, special assessments, and charges added to tax)5/1 (2nd installment equal to balance) <u>Omitted/revised Bill Mailed after 4/1 (Single installment)</u> <ul style="list-style-type: none">5/1, or 30 days after bills mailed, if later	Single installment 5/1, or 30 days after omitted/revised bill mailed, if later	Single installment 5/1, or 30 days after omitted/revised bill mailed, if later	Single installment 5/1, or 30 days after omitted/revised bill mailed, if later
Interest accrual date(s)	<u>Bills Mailed by 4/1</u> <ul style="list-style-type: none">10/1, or date bills mailed, if later (1st installment)4/1 (2nd installment) <u>Bills Mailed after 4/1</u> <ul style="list-style-type: none">4/1, or date bills mailed, if later	4/1, or date bills mailed, if later	Installment due date	Installment due date

PROPERTY TAX PAYMENT SYSTEMS

	SEMI-ANNUAL			QUARTERLY
	REGULAR	OPTIONAL PRELIMINARY	ANNUAL PRELIMINARY	
APPLICATION DUE DATES				
Abatements	11/1, or 30 days after bills mailed, if later	5/1, or 30 days after actual bills mailed, if later	<u>Actual Bills Mailed by 12/31</u> <ul style="list-style-type: none">4/1 <u>Actual Bills Mailed after 12/31</u> <ul style="list-style-type: none">5/1, or 30 days after bills mailed, if later	<u>Actual Bills Mailed by 12/31</u> <ul style="list-style-type: none">2/1 <u>Actual Bills Mailed after 12/31</u> <ul style="list-style-type: none">5/1, or 30 days after bills mailed, if later
Abatements (omitted & revised)	3 months after omitted/revised bill mailed	3 months after omitted/revised bill mailed	3 months after omitted/revised bill mailed	3 months after omitted/revised bill mailed
Personal exemptions & deferrals	December 15, or 3 months after actual bills mailed, if later	3 months after actual bills mailed	3 months after actual bills mailed	3 months after actual bills mailed
Residential & small commercial exemptions	3 months after actual bills mailed	3 months after actual bills mailed	3 months after actual bills mailed	3 months after actual bills mailed
Other exemptions	11/1, or 30 days after bills mailed, if later	5/1, or 30 days after actual bills mailed, if later	<u>Actual Bills Mailed by 12/31</u> <ul style="list-style-type: none">4/1 <u>Actual Bills Mailed after 12/31</u> <ul style="list-style-type: none">5/1, or 30 days after bills mailed, if later	<u>Actual Bills Mailed by 12/31</u> <ul style="list-style-type: none">2/1 <u>Actual Bills Mailed after 12/31</u> <ul style="list-style-type: none">5/1, or 30 days after bills mailed, if later